

AMENDED IN SENATE APRIL 28, 2010

SENATE BILL

No. 969

Introduced by Senator Florez *Senators Liu and Romero*
~~(Principal coauthor: Senator Price)~~
(Principal coauthor: Senator Price)
(Coauthor: Senator Hancock)

February 5, 2010

~~An act to add Chapter 3.5 (commencing with Section 66150) to Part 40 of Division 5 of Title 3 of the Education Code, relating to public postsecondary education. An act to add Article 3.5 (commencing with Section 66027) to Chapter 2 of Part 40 of Division 5 of Title 3 of the Education Code, relating to public postsecondary education.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 969, as amended, Florez *Liu*. ~~Public postsecondary education: California College and University Fee Stabilization Act of 2010. Public postsecondary education: student fee policy.~~

Existing law, known as the Donahoe Higher Education Act, provides for a public postsecondary education system in this state. This system consists of the University of California, the California State University, and the California Community Colleges. Existing law authorizes these institutions to require that mandatory systemwide fees, among other fees, be paid by students at these institutions. The provisions of the Donahoe Higher Education Act apply to the University of California only to the extent that the Regents of the University of California act by resolution to make them applicable.

This bill would limit mandatory systemwide fees that are charged to resident undergraduate students enrolled in the University of California and the California State University to a specified amount, based on the

average total cost of education, as defined, at the respective segment. The bill would prohibit the trustees and the regents from increasing those mandatory systemwide fees by an amount exceeding a specified percentage of those fees charged to students for the immediately preceding academic year, and would prohibit a specified mandatory systemwide fee increase adopted on or after January 1, 2011, from being effective before 6 months have elapsed after the date on which the fee increase is adopted. The bill would also require the regents and the trustees to develop methodologies for the adjustment of fees in accordance with a prescribed procedure, and would require the California Postsecondary Education Commission to annually review, and report to the Legislature and the Director of Finance, its findings, conclusions, or recommendations regarding the implementation of policies implemented pursuant to the bill.

This bill would provide that the act does not apply to the University of California, except to the extent that the Regents of the University of California adopt a resolution making it applicable. The bill would request the regents to adopt policies that are consistent with the act.

~~Existing law, known as the Donahoe Higher Education Act, provides for a public postsecondary education system in this state. The 3 segments of the public postsecondary education system are the University of California, which is administered by the Regents of the University of California, the California State University, which is administered by the Trustees of the California State University, and the California Community Colleges, which are administered by the Board of Governors of the California Community Colleges and the community college district governing boards. The provisions of the Donahoe Higher Education Act apply to the University of California only to the extent that the Regents of the University of California act by resolution to make them applicable.~~

~~Existing law authorizes the Trustees of the California State University to require that fees, among other charges, be paid by students at that institution. Existing law requires the governing board of each community college district to charge each student a fee of \$26 per unit per semester, effective with the fall term of the 2009–10 academic year. Existing provisions of the California Constitution require the Regents of the University of California to have all powers necessary or convenient for the effective administration of the university.~~

~~This bill would enact the California College and University Fee Stabilization Act of 2010, which would place limits on increases in~~

~~mandatory systemwide fees, as defined, charged to students enrolled in the 3 segments of public postsecondary education. The bill would limit mandatory systemwide fees that are charged to resident undergraduate students enrolled in the University of California, the California State University, or the California Community Colleges to a specified amount, based on the average total cost of education, as defined, at the respective segment. The bill would prohibit each of the 3 segments from charging a resident undergraduate student who commences enrollment in an undergraduate degree program at that segment for the fall term of the 2011–12 academic year, or any academic term thereafter, mandatory systemwide fees in an amount that is greater than the amount of the fees in effect at the time the student commenced enrollment in the undergraduate degree program. The bill would prohibit mandatory systemwide fees charged to resident undergraduate students enrolled in the University of California and the California State University from being increased, in any academic year, by an amount exceeding 5% of the fees charged for the immediately preceding academic year. With respect to the per unit per semester fees that community college districts are required to charge to students enrolled in the California Community Colleges, the bill would declare legislative intent that those fees not be increased by an amount exceeding 5% of the fees charged for the immediately preceding academic year. The bill would prohibit an increase in mandatory systemwide fees charged to resident undergraduate students enrolled in any of the 3 segments that is adopted on or after January 1, 2011, from becoming effective before 6 months have elapsed after the date on which fee increase is adopted.~~

~~The bill would provide that the act does not apply to the University of California, except to the extent that the Regents of the University of California adopt a resolution making it applicable. The bill would request the regents to adopt policies that are consistent with the act.~~

~~Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.~~

The people of the State of California do enact as follows:

- 1 *SECTION 1. The Legislature finds and declares all of the*
- 2 *following:*
- 3 *(a) The state has long recognized the value of providing broad*
- 4 *access to postsecondary education to the state's citizens. It has*
- 5 *demonstrated that commitment by investing in postsecondary*

1 *education and maintaining public student fee levels that are fiscally*
2 *responsible and affordable. The student fee principles expressed*
3 *herein seek to continue the state's historic commitment to ensuring*
4 *access and maintaining quality throughout the state's public*
5 *universities while recognizing the fiscal challenges that confront*
6 *both the state and postsecondary education.*

7 *(b) Historically, the state has borne the preponderance of*
8 *responsibility for providing the fiscal resources necessary to ensure*
9 *that all eligible state residents have access to high-quality*
10 *educational opportunities at the state's public colleges and*
11 *universities. Further, the state bears the principal and overarching*
12 *responsibility for ensuring that all financially needy students have*
13 *the financial assistance necessary for them to enroll in institutions*
14 *of higher education and complete their postsecondary education*
15 *objectives.*

16 *(c) Changes in resident student fees or in student financial aid*
17 *funding or packaging policies should take into consideration the*
18 *total cost to the student of attending the university, including*
19 *mandatory campus-based student fees, housing and living expenses,*
20 *as well as all other expenses associated with university attendance.*

21 *(d) Any necessary increases in mandatory systemwide fees*
22 *should be accompanied by appropriate increases in funding for*
23 *need-based student financial aid.*

24 *SEC. 2. Article 3.5 (commencing with Section 66027) is added*
25 *to Chapter 2 of Part 40 of Division 5 of Title 3 of the Education*
26 *Code, to read:*

27
28 *Article 3.5. Student Fee Policy*
29

30 *66027. The following state policies regarding mandatory*
31 *systemwide resident fees and financial aid are established for*
32 *students enrolled in the state's public universities:*

33 *(a) The total cost of a public postsecondary education should*
34 *be a shared responsibility of students, families, and the State of*
35 *California. However, in order to keep resident undergraduate*
36 *student fees at the state's public universities as low and affordable*
37 *as possible, the state shall bear the preponderance of responsibility*
38 *for funding postsecondary education.*

39 *(b) So that students and their families can better prepare*
40 *financially for college expenses, any changes in resident student*

1 *fees should be gradual, moderate, and predictable. Any potential*
2 *adjustments in resident student fees should take into consideration,*
3 *and be balanced with, available state General Fund revenues to*
4 *ensure that the access, quality, and affordability of the state's*
5 *public universities are not adversely affected.*

6 *(c) Changes in resident student fees should take into*
7 *consideration a number of factors, including the total cost of*
8 *educating a student, the appropriate share of the cost of instruction*
9 *to be paid by the student, and information concerning families'*
10 *ability to pay. Student financial aid policy and programs should*
11 *ensure affordability for students from all income levels.*
12 *Recognition of these indicators will better ensure that changes in*
13 *resident student fees are gradual and moderate.*

14 *(d) As changes in resident student fees and financial aid*
15 *resources are considered, the state should have an understanding*
16 *of the impact that these changes will have on both current and*
17 *prospective students. Efforts should be employed to mitigate any*
18 *negative impact on financially needy students.*

19 *(e) To the extent that budget decisions are made in a timely*
20 *manner, adequate advance notice should be provided to students*
21 *regarding future student fees, thereby allowing them and their*
22 *families greater time to prepare for the fees to be assessed.*

23 *(f) In order to ensure that access is not precluded for any eligible*
24 *student, but particularly financially needy students, all current*
25 *and prospective students should be provided with timely*
26 *information concerning student financial aid, including the*
27 *processes associated with applying for and obtaining student*
28 *financial assistance.*

29 *(g) Student fee and financial aid policies should encourage and*
30 *promote a student's timely completion of the requirements*
31 *necessary for degree attainment.*

32 *(h) To ensure that financially needy students are provided with*
33 *assistance in managing the total cost of their university attendance,*
34 *financial aid programs, including institutional aid, should be*
35 *aligned with the distinct financial needs of the systems' student*
36 *populations and student fee levels.*

37 *(i) Revenues derived from student fees should remain within the*
38 *respective university system's budget in order to provide benefits*
39 *to the students enrolled within the system.*

1 66027.1. For each of the following segments of public
2 postsecondary education, the mandatory systemwide fees charged
3 to resident undergraduate students for any academic year shall
4 not exceed the following amounts:

5 (a) For the University of California, 40 percent of the average
6 total cost of education for that academic year.

7 (b) For the California State University, 30 percent of the
8 average total cost of education for that academic year.

9 66027.2. (a) In any academic year, the trustees and the regents
10 shall not increase the mandatory systemwide fees charged to
11 resident undergraduate students enrolled in the respective
12 institutions by an amount exceeding the percentage change in the
13 annual average value of the Implicit Price Deflator for State and
14 Local Government Purchases of Goods and Services for the United
15 States, as published by the United States Department of Commerce
16 for the 12-month period ending in the third quarter of the prior
17 fiscal year, of the mandatory systemwide fees charged to those
18 students for the immediately preceding academic year.

19 (b) This percentage change shall be determined using the latest
20 data available as of May 10 of the preceding fiscal year compared
21 with the annual average value of the same deflator for the
22 12-month period ending in the third quarter of the second
23 preceding fiscal year, using the latest data available as of May 10
24 of the preceding fiscal year, as reported by the Department of
25 Finance. The total amount of mandatory systemwide fees, as
26 increased, shall not exceed the limits described in Section 66027.1.

27 66027.3. Any increase in the mandatory systemwide fees
28 charged to a resident undergraduate student enrolled in the
29 University of California or the California State University that is
30 adopted on or after January 1, 2011, shall not become effective
31 before six months have elapsed after the date on which the fee
32 increase is adopted.

33 66027.4. To carry out the responsibilities of this section, the
34 regents and the trustees shall each develop a rational and
35 transparent methodology for adjusting mandatory systemwide
36 resident student fees consistent with the student fee policy
37 principles set forth in Section 66027. These methodologies shall
38 be developed in consultation with appropriate student
39 representatives through student fee advisory committees and, once
40 developed, shall be formally adopted by the regents and the

1 *trustees, respectively, in open public meetings. The annual budgets*
2 *of the segments shall be drafted on the basis that fees will change*
3 *in accordance with the methodology established under this section.*

4 66027.5. *Following the final action of its governing body, each*
5 *system shall employ appropriate procedures to notify students of*
6 *the student fees to be assessed in the upcoming academic year. In*
7 *addition, each system shall simultaneously provide students with*
8 *information concerning the availability of student financial aid*
9 *and the procedures for obtaining that aid in order to assist students*
10 *with meeting the increased costs of university attendance.*

11 66027.6. (a) *Each year, prior to March 1, the California*
12 *Postsecondary Education Commission shall review institutional*
13 *compliance with the policies set forth in this article, and report,*
14 *in writing, to the Legislature and the Director of Finance any*
15 *findings, conclusions, or recommendations of the commission*
16 *regarding the implementation of these policies.*

17 (b) *A report submitted pursuant to subdivision (a) shall be*
18 *submitted in compliance with Section 9795 of the Government*
19 *Code.*

20 66027.7. *As used in this article, the following terms have the*
21 *following meanings:*

22 (a) (1) *“Average total cost of education” means the amount*
23 *calculated by dividing the total cost of education for the University*
24 *of California or the California State University, whichever is*
25 *applicable, by the total number of full-time equivalent students*
26 *enrolled at that segment.*

27 (2) *For purposes of paragraph (1), “total cost of education”*
28 *means, for the University of California and the California State*
29 *University, the sum of appropriations and projected revenues from*
30 *all of the following:*

31 (A) *The General Fund.*

32 (B) *Higher education fees and income.*

33 (C) *The California State Lottery Education Fund.*

34 (b) *“Mandatory systemwide fees” means the fees that all*
35 *students enrolled in the California State University or the*
36 *University of California are required to pay in order to enroll in*
37 *courses for the academic term pursuant to any law or any policy*
38 *adopted by its governing board.*

39 (c) *“Regents” means the Regents of the University of California.*

(d) “Resident” means a student who is exempt from paying nonresident tuition pursuant to Chapter 1 (commencing with Section 68000) of Part 41.

(e) “Trustees” means the Trustees of the California State University.

66027.8. (a) This chapter shall not apply to the University of California, except to the extent that the regents, by appropriate resolution, make this chapter applicable.

(b) The regents are requested to adopt policies governing increases in mandatory systemwide fees that are consistent with this chapter.

~~SECTION 1. Chapter 3.5 (commencing with Section 66150) is added to Part 40 of Division 5 of Title 3 of the Education Code, to read:~~

~~CHAPTER 3.5. STUDENT FEES~~

~~66150. This chapter shall be known, and may be cited, as the California College and University Fee Stabilization Act of 2010.~~

~~66151. As used in this chapter, the following terms have the following meanings:~~

~~(a) (1) “Average total cost of education” means the amount calculated by dividing the total cost of education for the University of California, the California State University, or the California Community Colleges, whichever is applicable, by the total number of full-time equivalent students enrolled at that segment.~~

~~(2) For purposes of paragraph (1), “total cost of education” means the following with respect to each of the following segments of public postsecondary education:~~

~~(A) For the University of California and the California State University, the sum of appropriations and projected revenues from all of the following:~~

~~(i) The General Fund.~~

~~(ii) Higher education fees and income.~~

~~(iii) The California State Lottery Education Fund.~~

~~(iv) Reimbursements.~~

~~(B) For the California Community Colleges, the sum of appropriations and projected revenues from all of the following:~~

~~(i) The General Fund, including appropriations pursuant to Section 8 of Article XVI of the California Constitution.~~

1 ~~(ii) The State School Fund.~~

2 ~~(iii) The California Lottery Education Fund.~~

3 ~~(iv) Reimbursements.~~

4 ~~(b) “Mandatory systemwide fees” means the fees that all~~
5 ~~students enrolled in the California State University or the~~
6 ~~University of California are required to pay in order to enroll in~~
7 ~~courses for the academic term pursuant to any law or any policy~~
8 ~~adopted by its governing board. With respect to the California~~
9 ~~Community Colleges, “mandatory systemwide fees” means the~~
10 ~~fees specified in paragraph (1) of subdivision (b) of Section 76300.~~

11 ~~(c) “Regents” means the Regents of the University of California.~~

12 ~~(d) “Resident” means a student who is exempt from paying~~
13 ~~nonresident tuition pursuant to Chapter 1 (commencing with~~
14 ~~Section 68000) of Part 41.~~

15 ~~(e) “Trustees” means the Trustees of the California State~~
16 ~~University.~~

17 ~~66152. The Legislature finds and declares all of the following:~~

18 ~~(a) Fees at California’s public postsecondary educational~~
19 ~~institutions, including the University of California, the California~~
20 ~~State University, and the California Community Colleges, have~~
21 ~~undergone steep increases in recent years.~~

22 ~~(b) Over time, fee levels have been erratic and unpredictable,~~
23 ~~and have left families unable to realistically plan for the future.~~

24 ~~(c) Recent fee increases demonstrate a trend toward the state~~
25 ~~shifting a greater share of the costs of attaining higher education~~
26 ~~onto students and families.~~

27 ~~(d) Students and families face the increased challenge of paying~~
28 ~~higher fees and an increased share of educational costs at a time~~
29 ~~when state unemployment rates continue to soar and as families~~
30 ~~continue to struggle to make ends meet.~~

31 ~~(e) Barriers to attaining higher education posed by skyrocketing,~~
32 ~~erratic, and unpredictable fee levels come at a time when experts~~
33 ~~warn that California needs to produce more college graduates to~~
34 ~~meet the state’s workforce and economic needs.~~

35 ~~(f) If the state does not take action to ensure that more~~
36 ~~individuals attain a college university education, California will~~
37 ~~have one million fewer college graduates than it needs in 2025.~~

38 ~~(g) As of 2025, only 35 percent of working-age adults will have~~
39 ~~a college degree in an economy that would otherwise require 41~~
40 ~~percent of workers to have a college degree.~~

~~(h) Failure to address this shortage by, in part, ensuring that skyrocketing, erratic, and unpredictable fees do not continue to serve as a barrier to attaining higher education will hamper the state's economic recovery and threaten California's ability to remain competitive in the increasingly global economy.~~

~~66154. By enacting this chapter, it is the intent of the Legislature to do all of the following:~~

~~(a) Limit the increases in student fees at the state's public postsecondary educational institutions and help students and families plan for the future by bringing predictability and consistency to fee levels over time.~~

~~(b) Enact a rational, moderate, and predictable fee policy that recognizes the partnership between students, families, and the state in preparing California's future workforce.~~

~~(c) Ensure that the share of costs that students and families pay at the state's public postsecondary educational institutions remains below the national average and reflects a reasonable contribution to expect from students and families.~~

~~66156. (a) For each of the following segments of public postsecondary education, the mandatory systemwide fees charged to resident undergraduate students for any academic year shall not exceed the following amounts:~~

~~(1) For the University of California, 40 percent of the average total cost of education for that academic year.~~

~~(2) For the California State University, 30 percent of the average total cost of education for that academic year.~~

~~(b) It is the intent of the Legislature that, for any academic year, the mandatory systemwide fees charged to resident students enrolled in the California Community Colleges, pursuant to paragraph (1) of subdivision (b) of Section 76300, should not exceed 10 percent of the average total cost of education for that academic year.~~

~~66158. Notwithstanding paragraph (1) of subdivision (b) of Section 76300 or any other law, a community college district, the trustees, and the regents shall not charge mandatory systemwide fees to a resident undergraduate student who commences enrollment in an undergraduate degree program at the respective segment during the fall term of the 2011–12 academic year, or any academic term thereafter, in an amount that is greater than the amount of the mandatory systemwide fees that are in effect for the~~

1 academic term at the time he or she commenced enrollment in the
2 undergraduate degree program.

3 ~~66160. (a) In any academic year, the trustees and the regents~~
4 ~~shall not increase the mandatory systemwide fees charged to~~
5 ~~resident undergraduate students enrolled in the respective~~
6 ~~institutions by an amount exceeding 5 percent of the mandatory~~
7 ~~systemwide fees charged to those students for the immediately~~
8 ~~preceding academic year. The total amount of mandatory~~
9 ~~systemwide fees, as increased, shall not exceed the limits in~~
10 ~~subdivision (a) of Section 66156.~~

11 ~~(b) It is the intent of the Legislature that the fees charged to~~
12 ~~students enrolled in the California Community Colleges, as set~~
13 ~~forth in paragraph (1) of subdivision (b) of Section 76300, should~~
14 ~~not be increased by an amount exceeding 5 percent of the fees~~
15 ~~charged to those students for the immediately preceding academic~~
16 ~~year and, as increased, should not exceed the limit in subdivision~~
17 ~~(b) of Section 66156.~~

18 ~~66162. (a) Notwithstanding paragraph (1) of subdivision (b)~~
19 ~~of Section 76300 or any other law, any increase in the mandatory~~
20 ~~systemwide fees charged to a resident undergraduate student~~
21 ~~enrolled in the University of California, California State University,~~
22 ~~or a community college district that is adopted on or after January~~
23 ~~1, 2011, shall not become effective before six months have elapsed~~
24 ~~after the date on which the fee increase is adopted.~~

25 ~~(b) This section is subject to the restrictions on charging~~
26 ~~mandatory systemwide fees set forth in Section 66158. This section~~
27 ~~is not intended to permit an institution to charge fees in an amount~~
28 ~~greater than permitted pursuant to Section 66158.~~

29 ~~66165. (a) This chapter shall not apply to the University of~~
30 ~~California, except to the extent that the regents, by appropriate~~
31 ~~resolution, make this chapter applicable.~~

32 ~~(b) The regents are requested to adopt policies for increases in~~
33 ~~mandatory systemwide fees that are consistent with this chapter.~~